

**REVENUE DEPARTMENT[701]**

**Adopted and Filed**

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby adopts amendments to Chapter 40, "Determination of Net Income," Chapter 41, "Determination of Taxable Income," Chapter 42, "Adjustments to Computed Tax," Chapter 52, "Filing Returns, Payment of Tax and Penalty and Interest," and Chapter 53, "Determination of Net Income," Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXI, No. 7, p. 798, on September 24, 2008, as **ARC 7199B**.

Item 1 amends subrule 40.44(1) to provide that state match payments related to individual development accounts are also exempt from Iowa individual income tax.

Item 2 amends the implementation sentence for rule 701—40.44(422,541A).

Item 3 adopts new subrule 40.60(3) to provide that the 50 percent bonus depreciation for assets acquired after December 31, 2007, but before January 1, 2009, does not apply for Iowa individual income tax.

Item 4 amends the implementation sentence for rule 701—40.60(422).

Item 5 amends rule 701—40.65(422) to provide that the increased Section 179 expensing allowance for tax periods beginning after December 31, 2007, but before January 1, 2009, does apply for Iowa individual income tax.

Item 6 amends the implementation sentence for rule 701—40.65(422).

Item 7 amends rule 701—40.72(422) to provide for an exclusion for individual income tax for a Vietnam Conflict veterans bonus received by eligible veterans who served between July 1, 1958, through May 31, 1975, and who have not received a bonus for that service from Iowa or another state.

Item 8 adopts new subrule 41.3(7) to provide that the federal rebate received by individuals in 2008 does not have to be included as part of an individual's federal income tax refund for Iowa individual income tax purposes.

Item 9 amends the implementation sentence for rule 701—41.3(422).

Item 10 amends paragraph 42.2(11)"b" to include federal revisions made in 2007 to the research activities credit for individual income tax.

Items 11 and 12 amend paragraphs 52.7(3)"c" and 52.7(5)"c" to include federal revisions made in 2007 to the research activities credit for corporation income tax.

Item 13 amends the implementation sentence for rule 701—52.7(422).

Item 14 adopts new subrule 53.22(3) to provide that the 50 percent bonus depreciation for assets acquired after December 31, 2007, but before January 1, 2009, does not apply for Iowa corporation income tax.

Item 15 amends the implementation sentence for rule 701—53.22(422).

Item 16 amends rule 701—53.23(422) to provide that the increased Section 179 expensing allowance for tax periods beginning after December 31, 2007, but before January 1, 2009, does apply for Iowa corporation income tax.

Item 17 amends the implementation sentence for rule 701—53.23(422).

These amendments are identical to those published under Notice of Intended Action.

These amendments will become effective December 24, 2008, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

These amendments are intended to implement Iowa Code Supplement sections 15.335, 15A.9, 422.3, 422.7, 422.10, 422.32, 422.33 and 422.35 as amended by 2008 Iowa Acts, Senate File 2123; Iowa Code

Supplement section 422.7 as amended by 2008 Iowa Acts, House File 2283 and Senate File 2430; and Iowa Code section 422.9 as amended by 2008 Iowa Acts, House File 2417.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [amendments to Chs 40 to 42, 52, 53] is being omitted. These amendments are identical to those published under Notice as **ARC 7199B**, IAB 9/24/08.

[Filed 10/31/08, effective 12/24/08]

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[For replacement pages for IAC, see IAC Supplement 11/19/08.]